

Professional Accounting
Course Number: 22:835:628
Course Title: Advanced Accounting Research
Project

COURSE DESCRIPTION

Course Overview:

The goals of this capstone course are to give you the chance to develop your research skills and to apply those skills to current issues in accounting and business. To achieve these goals, you will work in teams to complete the project described below. You will submit your team's findings and the following week's plans at weekly team meetings. At the end of the semester, your project team will present the results of your research and submit a report describing your work. You will also have a take-home final exam in which you will apply your understanding of accounting to a real-world business situation.

Project:

Your team will select a pair of publicly traded firms in the same industry and compare these firms by analyzing their financial statements and other publicly available information in order to answer financial and strategic questions of your choosing. These firms can include the same ones that you used in another PAMBA class or you can choose from the list below (or any other pair of comparable, publicly traded firms with our approval):

- Caterpillar and John Deere
- UPS and FedEx
- Dow Chemical and E. I. du Pont de Nemours and Co.
- Southwest Airlines and JetBlue
- Merck and Pfizer
- Coach and Michael Kors
- Walmart and Target
- Starbucks and Dunkin Donuts
- Johnson & Johnson and Pfizer
- Apple and Samsung

SUGGESTED AREAS, ISSUES, AND QUESTIONS TO EXAMINE

(Note: These issues are not mutually exclusive! Choose the topics/areas that you feel are most interesting and/or relevant to your selected firms/industry)

- Choice of accounting policies

- Earnings management (analysis of accruals)
- Aggressive accounting, such as early recognition of revenues
- Earnings quality (cash generated from operations vs. net income)
- Earnings and financial statements relevance
- Risks (financial, operational, political, societal, environmental, etc.)
- Clarity of the financial statements
- Information disclosure, timeliness, and/or transparency
- Non-financial information
- Issues associated with intangible assets
- Ability to separate facts from estimates and assumptions
- Business model: What is the key to the company's long-term success? What could the firm do to improve its profitability?
- Is there enough information regarding the fair (or market) value of the company's assets and liabilities?
- Business valuation: Can you estimate the intrinsic value of the company? Is the stock overvalued, fairly valued, or undervalued?
- Top management: What is the level and form of executive compensation (salary v. bonus in the form of cash, stock, or stock options)? How does that effect managers' decisions and firm performance?
- Is top management doing its best to enhance shareholders value?
- The role, if any, that shareholders play in deciding on executive compensation ("say on pay")
- The effect of corporate governance on firm strategy
- How would a switch to IFRS change your analysis of these issues?
- The role of the auditor and the agency issues between the auditor, the firm, and external stakeholders
- The firms' attitudes toward corporate social responsibility (CSR)
- The role of non-GAAP earnings reporting (Regulation G)
- The impact of regulation on the firm (Too much, just right, not enough?)
- Is there any relevant information that you would have liked to have, but is not available? Do you think it should be publicly available? Why?
- Anything else you think is relevant

COURSE MATERIALS

Suggested Books:

Accounting & Auditing Research and Databases, Weirich, Churyk, and Person, Wiley, 8th edition

The End of Accounting and the Path Forward for Investors and Managers by Baruch Lev and Feng Gu

Suggested Readings:

As a graduate student in business, you are expected to read financial publications on a regular basis and be familiar with current business-related events. Unlike traditional courses that give you specific assignments and sources, Advanced Accounting Research emphasizes open-ended, independent research. Therefore, searching for sources of information is a critical phase in your research efforts and will have a major impact on the quality of your final project. You can search any place you want, but the following list is a good place to start:

- Financial statements of each firm and other firms in that industry
Available at the SEC's Edgar Database:
<http://www.sec.gov/edgar/searchedgar/companysearch.html>
- *The New York Times* and *The Wall Street Journal* or other financial publications like *Forbes*, *Business Week*, and *Fortune*
- The web (Note: Unaudited web resources are not always reliable)
- Rutgers library at www.libraries.rutgers.edu
- The FASB's codification website:
Login at: <http://aaahq.org/Research/FASB-GARS>
User ID: AAA52252
Password: A42QNnd
- Rutgers Library's Accounting Research Guide:
<http://libguides.rutgers.edu/accounting>
- Factiva:
<http://www.libraries.rutgers.edu/cms/indexes/descriptions/factiva>
- Financial sites: <https://seekingalpha.com> or <http://biz.yahoo.com/>

Canvas: <https://canvas.rutgers.edu>

- Announcements
- Lecture notes
- Grades

FINAL TEAM REPORT

The key to this project is to use publicly available information to create a coherent and relevant “story” about your two firms. Your team will submit a written report comparing the two firms with respect to the issues that your team has chosen. The number of issues that you should cover depends on the depth of your analysis. There are no rigid guidelines; it is entirely your choice. The length of the report is your choice too, so please do not ask, “How many pages do you expect?” The format of your report is also up to you. Your final report is due via e-mail.

FINAL PRESENTATION

Your team will present your research findings to us. Your presentation slides and project report will be due that day.

PROFESSIONAL DEVELOPMENT GOALS

Accounting firms have two main complaints about their new hires: 1) They are not self-starters; and 2) They are not good at working in groups. This project is designed to remediate these problems. It represents a synthesis of your analytical, interpersonal, research, and communication skills, as well as the accounting and business information that you acquired in the PAMBA Program and will bring to your future career.

Another component of your professional development is your familiarity with events and trends in the business world. Each team member should research recent developments concerning your firms and their industry on the web and in the popular press and be prepared to discuss and submit your findings at the first team meeting. The results of this research will frame your analysis of your firms, and it should be incorporated into your project.

This is an independent, team-based, project where YOU decide what to do. Each company is different, so the final selection of issues to be examined is up to your team. The success of your project depends on your originality, independent thinking, and ability to solve problems. Your report should be written in your own words, and you must avoid “cut and paste.” Please pay careful attention to the relevance of information to your comparison. Irrelevant information just consumes the reader/viewer’s time. That is not a good thing.

PREREQUISITES

This course is open only to PAMBA students

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy <http://academicintegrity.rutgers.edu/>

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

- You are expected to attend every class and team meeting and participate actively in the meeting.
- Additional team meetings may be scheduled by email and/or posted on Canvas as needed.
- Additional information/updates will be posted on Canvas.

EXAM DATES AND POLICIES

The take-home essay exam for this course due by midnight

GRADING POLICIES

- Computation of grades:

Class attendance/participation	10%	A	95-100%	C+	77-79%
Project presentation	30%	A-	90-94%	C	73-76%
Project report	30%	B+	87-89%	C-	70-72%
Exam	30%	B	83-86%	D	60-69%
	Total	B-	80-82%	F	< 60%

- Note: You can review your final exam by making an appointment with us after the semester ends. Your exam will be kept on file for one year.

COURSE SCHEDULE

Class meeting for all teams on Canvas at ():
<ul style="list-style-type: none"> • Introduction to semester project
<u>Team meetings:</u>
<ul style="list-style-type: none"> • Discuss and submit preliminary research from the popular press on your firms and your choice of topics to analyze
<u>Team meetings:</u>
<ul style="list-style-type: none"> • Discuss and submit your initial research plan
<u>Team meetings:</u>
<ul style="list-style-type: none"> • Discuss and submit a detailed outline of your project with references
<u>Team meetings:</u>
<ul style="list-style-type: none"> • Discuss the “story” of your project • Show your preliminary PowerPoint slides
<u>Final Exam*:</u>
<ul style="list-style-type: none"> • Available on our Canvas site at • Due via e-mail by midnight

Team meetings:

- Oral project presentations
- Submit presentation slides and project report via e-mail

***Final Exam:**

The final exam will be a take-home test in essay format, designed to assess your cumulative knowledge of accounting/auditing and your ability to apply this knowledge to business situations. Note: The CPA exam is being redesigned to test your ability to use accounting and auditing knowledge to analyze problems.

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek *religious accommodations*, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military *veteran* or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of *mental health* services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>]

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]